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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Policy and Rules Concerning the Interstate, Interexchange Marketplace	)	
	)	CC Docket No. 96-61
Implementation of Section 254(g) of the Communications Act of 1934, as amended	)	

AT&T OPPOSITION TO PETITIONS FOR RECONSIDERATION AND CLARIFICATION

Pursuant to Section 1.429 of the Commission's Rules, AT&T Corp. ("AT&T") submits the following oppositions to and comments upon the petitions for reconsideration and/or clarification filed by GTE Service Corporation ("GTE"), U S WEST, Inc. ("U S WEST") and the State of Hawaii ("Hawaii") on September 16, 1996.

I. The Rate Integration Rules Must Apply To All Commonly Owned Affiliates that Provide Interexchange Services (GTE and U S WEST Petitions).

GTE (pp. 2-9) and U S WEST (pp. 1-6) seek reconsideration of the Commission's holding (¶ 69) that the rate integration requirements of Section 254(g) apply at a corporate level. AT&T opposes both carriers' requests.

In the Order (¶ 69) the Commission correctly found that carriers should not be permitted to establish separate subsidiaries to avoid the rate integration requirements. The fact that GTE or U S WEST affiliates may have been

separately established prior to the adoption of Section 254(g) is immaterial. Indeed, AT&T itself has had multiple regional IXC affiliates since divestiture, but the Commission has always applied its rate averaging and integration policies to AT&T as a single entity. The same rules should apply to GTE and U S WEST, regardless of how they choose to establish corporate affiliates for financial, regulatory or other reasons.[1]

Failure to apply a uniform rule would only lead to a greater disparity in the ability of national carriers to compete with regional competitors. AT&T's own petition for reconsideration (pp. 2-7) shows the significant advantages that IXCs affiliated with local exchange carriers, such as SNET, have in the marketplace. GTE, like SNET, is also permitted to offer interexchange services as part of a bundled offer, and some GTE affiliates are actively competing against nationwide carriers with such offers. Allowing GTE affiliates to offer different, non-integrated interexchange prices as part of a bundled offer would

[1] Even U S WEST (pp. 5-6) appears to agree that all of its communications subsidiaries should be considered together for purposes of applying the rate averaging requirements. Thus, GTE is alone in arguing that its separate, commonly-owned telephone operating companies should be allowed to establish separate deaveraged rates.

exacerbate the market inequalities in GTE territories between the GTE companies and nationwide IXCs.[2]

II. The Commission Has the Authority to Forbear from Applying the Rate Integration Requirements. (Hawaii Petition).

Hawaii's petition (pp. 3-4) incorrectly asserts that "rate integration has never been an [sic] discretionary Commission policy" and that "forbearance from rate integration is untenable." Although rate integration is, as Hawaii asserts, related to Section 202(a) of the Act, that section only prohibits "unreasonable" discrimination. Accordingly, Section 202(a) does not prohibit all differences in rates. When there is a reasonable basis to charge different rates to customers in different places, such differences may be justified. Moreover, the

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[2] GTE (p. 12) also seeks clarification that the rate integration requirements only apply to those affiliates that provide facilities-based interexchange services to or from particular offshore points. The simple answer is that the Act makes no distinctions between facilities-based and other IXCs. Thus, rate integration requirements apply to all commonly-owned affiliates that provide interexchange services to or from specific offshore points, regardless of whether they are facilities-based carriers or resellers. AT&T agrees with GTE (id.), however, that the Commission should clarify that CMRS carriers are not bound to charge the same averaged or integrated rates as wireline carriers, because the Commission's rate existing policies traditionally did not include CMRS providers, and the statute was specifically intended to codify prior Commission policies (see Order, ¶¶ 9, 52; H.R. Rep. No. 458, Joint Explanatory Statement of the Comm. of Conference, 104th Cong., 2d Sess. 129 (1996)).

forbearance provisions of new Section 10 require the Commission to "forbear from applying any provision of this Act" to a carrier when the statutory test is met "in any or some of its or their geographic markets." Thus, the Commission is clearly authorized to forbear from applying rate integration requirements when forbearance would be reasonable.

CONCLUSION

For the reasons stated above, the Commission should deny the petitions of GTE, U S WEST and Hawaii.

Respectfully submitted,

AT&T CORP.

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Certificate of Service

I, Diane Danyo, do hereby certify that a true copy of the foregoing Opposition To And Comments On Petitions For Reconsideration and Clarification of AT&T Corp. was served this 21st day of October, 1996, by United States mail, first class, postage prepaid, upon the parties listed below.

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